

STATE OF SOUTH CAROLINA

(Caption of Case)

In re:

Application of Palmetto State Utility Services, Inc.
For Certificate of Public Convenience and Necessity
to provide Water and Sewerage Services

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - 356 - WS

(Please type or print)

Submitted by: Marcus A. Manos

SC Bar Number: 011876

Address: Nexsen Pruet, LLC

Telephone: 803-253-8275

P.O. Drawer 2426

Fax: 803-727-1467

Columbia, SC 29202

Other: _____

Email: mmanos@nexsenpruet.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigatio
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input checked="" type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input checked="" type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

Marcus A. Manos
Member
Admitted in SC, NC, DC

September 27, 2007

VIA HAND DELIVERY

Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
Synergy Office Park
101 Executive Center Drive
Post Office Drawer 11649
Columbia, South Carolina 29211

**Re: Application of Palmetto State Utility Services, Inc. for Certificate
of Public Convenience and Necessity**

Dear Mr. Terreni:

Enclosed for filing with the Public Service Commission is an original and eleven copies of the Application For Certificate Of Public Convenience And Necessity along with the Cover Sheet in the above referenced matter. Please return a clocked-in copy to me via our courier.

By copy of this letter and as evidenced by the attached Certificate Of Service we are serving the Office of Regulatory Staff with a copy of the above Application.

Thank you for your assistance in this matter.

With best regards, I am

Very truly yours,



Marcus A. Manos

MAM/hjr
Enclosures
cc w/encl.: Office of Regulatory Staff

RECEIVED
2007 SEP 27 PM 4:22
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Docket No. _____

IN RE:)	
)	
Application of Palmetto State Utility)	APPLICATION FOR CERTIFICATE
Services, Inc. For Certificate of Public)	OF PUBLIC CONVENIENCE
Convenience and Necessity)	AND NECESSITY

Palmetto State Utility Services, Inc. ("Applicant"), organized as a South Carolina corporation, respectfully applies (to the extent necessary) for a Certificate of Public Convenience and Necessity ("Certificate") to operate and maintain water supply distribution and wastewater collection facilities in South Carolina. In support of this application, Applicant states and provides the following:

I. BACKGROUND FOR APPLICATION

Following a competitive bid process, the Defense Energy Supply Center on behalf of the United States Army, awarded Applicant's parent, American States Utility Services ("ASUS"), a contract ("Contract") to own, operate and maintain the water distribution and wastewater collection utility systems at Fort Jackson Army Installation (referred to herein as the "Base") and to operate and maintain for a temporary period the Weston Lake Wastewater Treatment Plant. Operations and maintenance under the Contract is expected to commence on January 1, 2008 following a transition period which has already commenced. Prior to the end of said transition period, ASUS will novate the Contract to Applicant. The Contract has a term of fifty years. Under the Contract, Applicant shall assume ownership and operation of existing water distribution and

wastewater collection utility facilities¹ currently owned and operated by the Federal Government and provide service through such facilities to only one customer, the Federal Government, which shall pay all fees for the services.

The Public Service Commission of South Carolina (“Commission”) has jurisdiction over public utilities in the State, S.C. Code §58-3-140(A), including water utilities and sewerage utilities. S.C. Code §58-5-10(4). The Commission has issued rules implementing its general regulatory authority under South Carolina Code §58-5-210 with respect to sewage utilities (Article V) and water utilities (Article VII). In both those articles, the rules apply to entities that “now or may hereafter become engaged as a public utility.” S.C. Code Ann. Regs. (“Rule”) 103-501.1 & 701.1. Per the applicable South Carolina Code Sections and Regulations, Applicant is a public water and sewerage utility.

Under the Contract,² Applicant would provide water distribution and wastewater collection services to the Federal Government at the Base and, for a temporary period, the Weston Lake Wastewater Treatment Plant. With respect to the water distribution system, Applicant shall own, operate and maintain the water distribution facilities from the upstream points of demarcation (*i.e.*, where water is received from the City of Columbia or pumped from wells on the Base) to the downstream points of demarcation, which generally are where distribution pipes enter end-user facilities. These water facilities include wells, pumps, pipelines, valves, fire hydrants, storage facilities/tanks and backflow prevention devices but not any irrigation systems. These facilities are

¹ As stated herein, Applicant will *only* operate and maintain for a temporary period the Weston Lake Wastewater Treatment Plant until such time as the new system is operational.

² A copy of the Contract is filed separately under seal with Applicant’s Motion for Protective Order and Confidential Treatment.

described more fully at Attachment J3.2 to the Contract. The Federal Government will retain ownership of, and responsibility for securing, the water commodity itself. The City of Columbia provides water to the Base at six connections located on the western and southern boundaries of the Base. The remainder of potable water used on the Base is pumped from wells on the Base.

With respect to the sewage collection system, Applicant shall own, operate and maintain wastewater collection facilities from the demarcation point where wastewater is collected from individual units to the downstream side of the meter station where the base discharges wastewater either to the City of Columbia's sewage treatment system or, for the Weston Lake portion of the Base, the point at which treated outfall is discharged to Cedar Creek pursuant to Department of Health and Environmental Control Permit No. SC0003786. The wastewater system is described in more detail in Attachment J4.2 to the Contract. Wastewater from the Weston Lake Recreation Area flows into a small, package wastewater treatment plant. This plant does not meet Fort Jackson requirements and a new sewage collection system for Weston Lake has been designed, which includes collection pipe, lift stations, force mains, a septic tank and an associated drain field. Construction of the new system is scheduled for completion on or before October 2008. Until completion and acceptance, Applicant will operate and maintain the existing system serving the Weston Lake Recreation Area, but will not own this system.

Pursuant to Rule 103-701.3, the Commission may waive its rules and regulations when such waiver is in the public interest and introduces unusual difficulty. Given that the proposed service will be to the Federal Government pursuant to a Contract with the Federal Government, many of the requirements associated with filing for a certificate of

public convenience and necessity do not appear applicable. Based on this and Applicant's undertaking to seek an amendment to the Certificate if it expands service to the public outside Fort Jackson, Applicant respectfully requests that the Commission determine that certain of the requirements not apply to the proposed service at the Base or waive such requirements.

Applicant believes Rules 103-506 and 706 concerning security issues appear applicable because Applicant would be regulated as a public utility. Similarly, with respect to accounting, Applicant intends to maintain its books and records in accordance with the NARUC Uniform System of Accounts pursuant to Rule 103-719.

With respect to rates, Applicant shall charge its one customer, the Federal Government, a monthly contract rate for its services pursuant to the Contract. As such, Applicant respectfully requests that this Commission approve the Applicant's fixed-fee charges (rates) to the Federal Government per the Contract as just and reasonable. In addition, the requirements to file a tariff, sample customer bill, financial statement of plan investment, depreciation schedule, and income and expense statement showing the effect of proposed rates should not appear to apply to the proposed service to the Federal Government. The Applicant respectfully requests that the Commission determine such application information need not be provided, or waive such requirement.

In any event, Applicant files herewith the Contract, on a confidential basis, which describes the payments to be made by the Federal Government for service provided by Applicant on the Base and much other information. Applicant provides further information below concerning the Commission's application requirements and/or seeks waivers or findings that such requirements do not apply.

II. LISTED CERTIFICATE REQUIREMENTS.

1. Copy of the Articles of Incorporation or Partnership Agreement.

A copy of Applicant's Articles of Incorporation is *Exhibit 1* hereto.

2. Plat of proposed area to be served.

See *Exhibit 2*.

3. Copy of engineering plans and specifications designed or certified to be in accord with good engineering practices by a professional engineer registered in South Carolina.

Applicant is purchasing rather than constructing facilities. Therefore, this requirement is not applicable and/or should be waived. Nevertheless, during the initial 90-day period of the contract, the Federal Government and Applicant shall undertake a joint system inventory. Applicant will attempt to obtain engineering plans and specifications from the Federal Government during the transition period of the contract and will provide those at a later date if available.

4. Construction permits from the Department of Health and Environmental Control approving engineering plans and specifications.

Applicant is purchasing rather than constructing facilities. Therefore, this requirement is not applicable and/or should be waived. Nevertheless, Applicant will attempt to obtain historical permits from the Federal Government during the transition period of the contract and will provide at a later date if available.

5. Schedule of proposed rates and charges and cost justifications, including tap fees with attached schedule depicting labor costs, materials costs, and miscellaneous costs.

As discussed in Section I of this Application, such information is not applicable to the proposed service to one customer, the Federal Government, and /or should be waived. However, see Contract Section B for contract cost information.

6. Number of customers proposed to be served and capacity of system.

Applicant shall serve one customer, the Federal Government. Capacity of the water distribution system is 6 MGD. Capacity of the wastewater collection system is 4.5 MGD.

7. Financial statement showing proposed plant investment by categories.

As discussed in Section I of this Application, such information is not applicable to the proposed service to one customer, the Federal Government, and /or should be

waived. However, see Contract Sections B.7 and B.8 showing expected initial capital upgrades.

8. Depreciation schedule by categories of plant or average service lives.

As discussed in Section I of this Application, such information is not applicable to the proposed service to one customer, the Federal Government, and /or should be waived. However, see Contract Sections B.9 and B.10 showing expected useful life tables for renewals and replacements.

9. Pro-forma income and expense statement showing the effect of using the proposed rates based on plant capacity.

As discussed in Section I of this Application, such information is not applicable to the proposed service to one customer, the Federal Government, and /or should be waived.

10. Filing of performance bond in accordance with 26 S.C. Code Regs. 103-512.3.

Applicant's parent company has provided the Federal Government with an unconditional Guarantee of all requirements in the Contract. Accordingly, the requirement to post an additional bond with the Commission is not applicable to this service to the Federal Government and/or should be waived.

11. Statement by a professional engineer that the system was built and installed according to plans and specifications on file with the Commission and will furnish adequate service for the area to be served.

As the water and wastewater systems were never part of a regulated utility, there are no plans and specifications on file with the Commission. Therefore, the requirement is not applicable and/or should be waived.

12. Letter from the Department of Health and Environmental Control approving system for operation, dated not more than six (6) months prior to date of application.

Documentation from the Department of Health and Environmental Control (DHEC) approving the system for operation was not included in the technical library supplied by the Federal Government in its Solicitation. Applicant will attempt to obtain system approval documentation from the Federal Government or from DHEC during the transition period of the Contract and will provide at a later date if available.

13. Customer bill form.

As discussed in Section I of this Application, such information is not applicable to the proposed service to one customer, the Federal Government, and /or should be waived.

14. Other pertinent or relevant information determined necessary by the Commission.

All communications concerning this Application should be provided to:

Applicant's Representative: Granville R. Hodges, Jr.
Palmetto State Utility Services, Inc.
c/o American States Utility Services, Inc.
535 Anton Boulevard, Suite 150
Costa Mesa, California 92626
Phone: (741) 689-1188 ext. 105

Legal Counsel: Marcus A. Manos
NEXSEN PRUET, LLC
1230 Main Street, Suite 700 (29201)
Post Office Drawer 2426
Columbia, South Carolina 29202
Phone: (803) 253-8275
Facsimile: (803) 727-1467
MManos@nexsenpruet.com

III. CONCLUSION

WHEREFORE, consistent with the foregoing, Palmetto State Utility Services, Inc. respectfully requests that the Commission issue a Certificate of Public Convenience and Necessity for providing water and sewer service in the territory shown on the map attached as *Exhibit 2*, grant the waivers herein requested, or determine that certain filing requirements are not applicable to the proposed service to one customer, the Federal Government, and grant Applicant such other relief as the Commission deems just and proper.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Marcus A. Manos', written over a horizontal line.

Marcus A. Manos
NEXSEN PRUET, LLC
1230 Main Street, Suite 700 (29201)
Post Office Drawer 2426
Columbia, South Carolina 29202
Phone: (803) 253-8275
Facsimile: (803) 727-1467
MManos@nexsenpruet.com

Attorney for Palmetto State Utility Services

Columbia, South Carolina

September 27, 2007.

15 2007

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

ARTICLES OF INCORPORATION
FOR A

STATUTORY CLOSE CORPORATION

PALMETTO STATE UTILITY SERVICES, INC.

1. Name. The name of the proposed corporation is Palmetto State Utility Services, Inc.
2. Statutory Close Corporation. The corporation is a statutory close corporation, pursuant to Chapter 18, Title 33 of the South Carolina Business Corporation Act of 1988, as amended.
3. Office and Agent. The initial registered office of the corporation is 1441 Main Street, Suite 1500, Columbia, South Carolina 29201, and the initial registered agent at such address is Mark L. Bender.
4. Stock. The corporation is authorized to issue one class of shares of stock as follows:

Class of Share

Authorized No. of Each Class

Common Stock

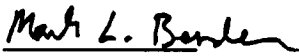
100,000 Shares

This class of Common Stock shall have all the rights and powers granted by law, including (without limitation) all the rights and powers specifically required by Section 33-6-101 of the South Carolina Business Corporation Act of 1988, as amended (the "Act").

5. Existence. The existence of the corporation shall begin when these articles of incorporation are filed with the Secretary of State, and the period of duration of the corporation shall be perpetual.
6. Stock Transfer Restrictions. The transfer of shares of stock of the corporation shall not be subject to the restrictions set out in §§33-18-110 through 33-18-130 of the Act. These statutory provisions shall not apply.
7. Board of Directors. The corporation shall have a board of directors as provided in the Bylaws of the corporation.
8. Compulsory Purchase of Stock. The corporation does not elect to have the provisions of §§33-18-140 through 33-18-170 of the Act, which give the estate of a deceased shareholder the right to compel the corporation to purchase the deceased shareholder's shares, apply. These statutory provisions shall not apply.
9. Optional Provisions. The optional provisions which the corporation elects to include in these articles of incorporation are as follows:

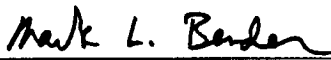
- A. Preemptive Rights. The corporation elects not to have preemptive rights. No shareholder shall be entitled to preemptive rights, and no shares of stock of any class issued by the corporation shall be subject to any preemptive right.
- B. Cumulative Voting. The corporation elects not to have cumulative voting. No shareholder shall be entitled to vote cumulatively for the election of directors, and no shares of stock of any class issued by the corporation may be cumulatively voted for election of directors.
- C. Bylaws. The corporation shall have Bylaws.

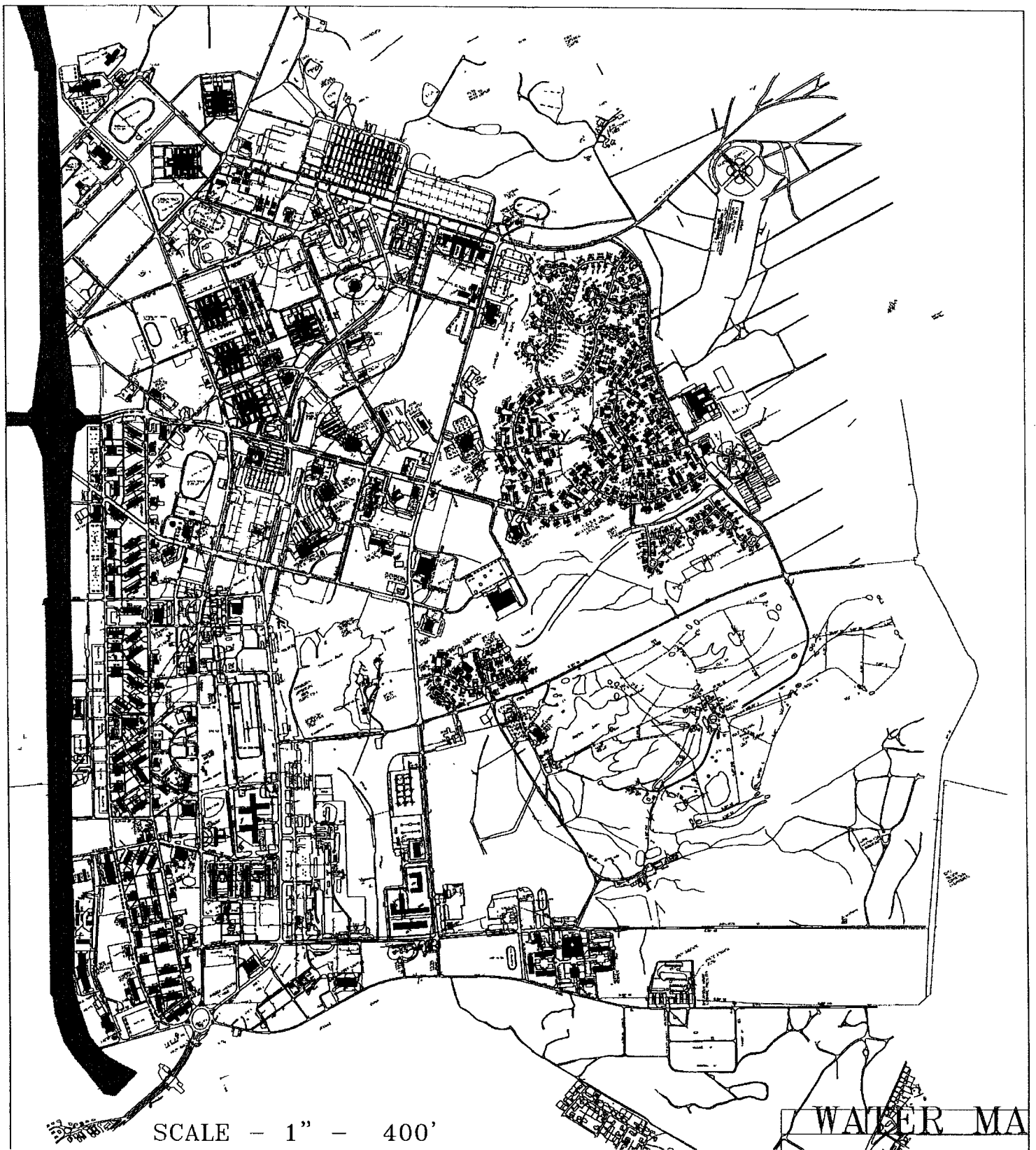
10. Incorporator. The name, address and signature of each incorporator is as follows:

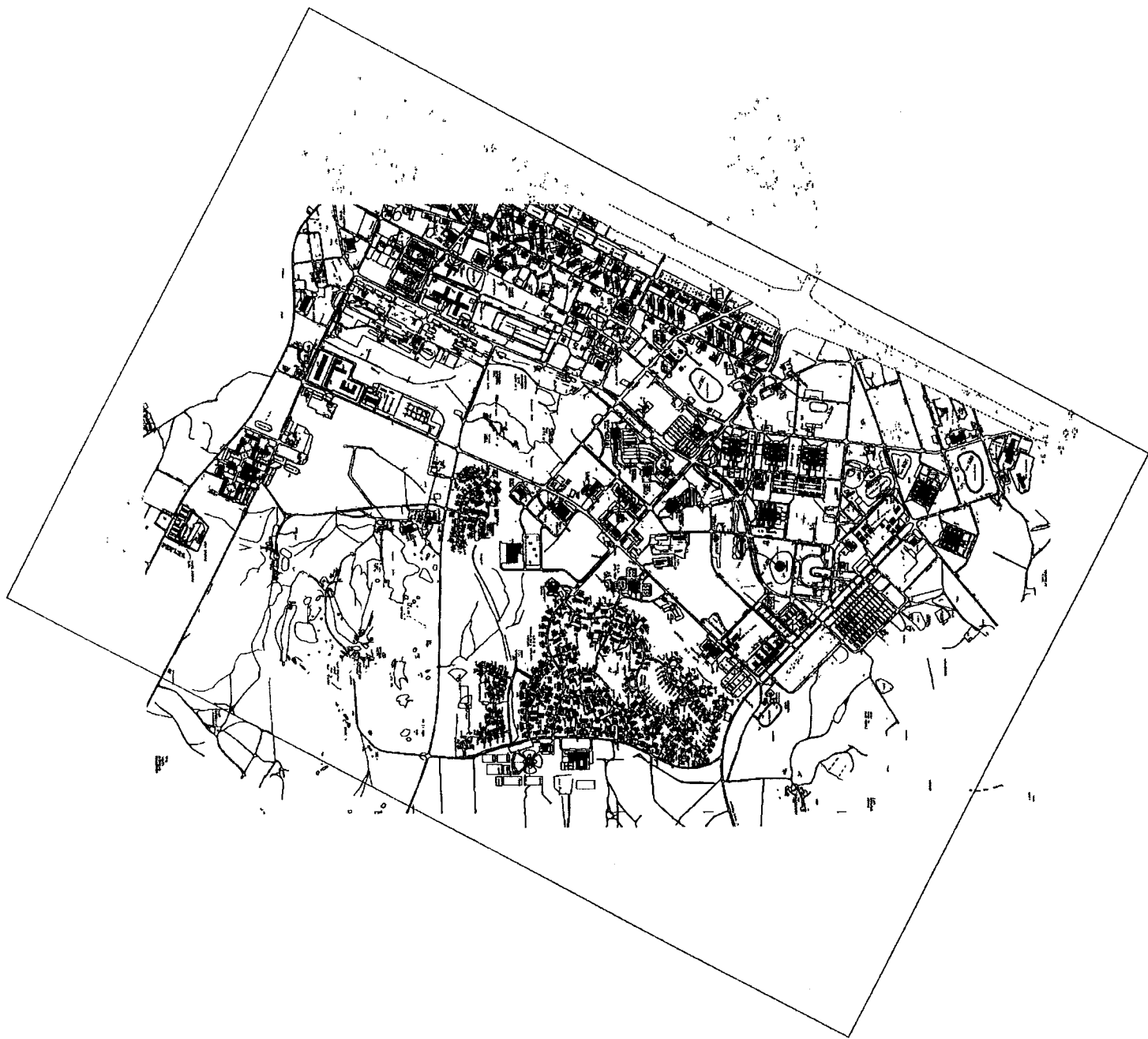
<u>Name</u>	<u>Address</u>	<u>Signature</u>
Mark L. Bender	Nexsen Pruet, LLC 1441 Main Street, Suite 1500 Columbia, South Carolina 29201	

11. Attorney's Certificate. I, Mark L. Bender an attorney licensed to practice in the State of South Carolina, certify that the corporation, to whose articles of incorporation this certificate is attached, has complied with the requirements of Section 33-2-102 of the South Carolina Business Corporation Act of 1988 as amended to date relating to the articles of incorporation.

Date: June 15, 2005


Mark L. Bender
NEXSEN PRUET, LLC
P.O. Drawer 2426
Columbia, South Carolina 29202
(803) 253-8212





BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

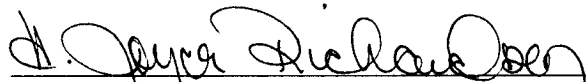
Docket No. _____

IN RE:)
)
Application of Palmetto State Utility)
Services, Inc. For Certificate of Public)
Convenience and Necessity)

CERTIFICATE OF SERVICE

The undersigned certifies that five copies of the **Application For Certificate Of Public Convenience And Necessity** has been served upon the below named via hand-delivery and electronic mail, on the 27th day of September, 2007, address as follows:

OFFICE OF REGULATORY STAFF
1441 Main Street, Suite 300
Columbia, South Carolina 29201



NEXSEN PRUET, LLC

Columbia, South Carolina